

## Message Text

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PAGE 01 PARIS 15337 01 OF 02 132132Z

64

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

EB-07 COME-00 OMB-01 TRSE-00 ACDA-05 /072 W

----- 036962

R 131802Z JUN 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0386

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY BERLIN

AMEMBASSY ATHENS

AMEMBASSY REYKJAVIK

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AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

USMISSION NATO

AMEMBASSY DUBLIN

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 15337

E.O. 11652: N/A

TAGS: PFOR, MASS, FR

SUBJECT: F-16 - AFTERMATH OF THE DECISION

1. BEGIN SUMMARY: DIRE FRENCH PREDICTIONS OF SERIOUS  
ECONOMIC AND POLITICAL CONSEQUENCES SHOULD THE F-16  
DEFEAT THE MIRAGE SEEM TO HAVE BEEN HOLLOW. THE OUTCOME  
MAY EVEN SERVE SOME U.S. INTERESTS IN DEALING WITH  
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PAGE 02 PARIS 15337 01 OF 02 132132Z

FRANCE AND EUROPE. HOWEVER, FAILURE OF THE FRENCH TO

GAIN LANDING RIGHTS IN THE U.S. FOR CONCORDE, COUPLED WITH THE MIRAGE SETBACK COULD POSE SERIOUS STRAINS IN FRANCO-AMERICAN RELATIONS. END SUMMARY.

2. THE AFTERMATH: FOLLOWING THE BELGIAN DECISION TO BUY THEF-16, FRENCH COMMENT HAS RANGED FROM SHORT-LIVED SCREAMS OF FURY TO REALISTIC APPRAISALS OF THE FACTS AND THEIR CONSEQUENCES. THE PARIS NEWSPAPER LE FIGARO DECLARED THAT THE "CRUSHING" ADVANCE IN AERONAUTICS FRANCE HAS OVER HER EC PARTNERS' AN ADVANCE DUE TO HER "NATURAL GENIUS," IS UNPARDONABLE TO HER PARTNERS BECAUSE IT DISTURBS THE AMERICANS. IT ADDED THAT THE U.S., AFTER SETBACKS IN SOUTHEAST ASIA, HAD TO RECOVER ITS PRESTIGE. PRIME MINISTER CHIRAC DECLARED THAT A CONTRADICTION EXISTS BETWEEN DECLARATIONS OF INTENTION (READ "MADE BY BELGIUM CONCERNING EUROPEAN UNITY") AND DECISIONS TAKEN LATER. "FRANCE," HE SAID "FIRMLY ATTACHED TO THE CONSTRUCTION OF EUROPE CAN ONLY DEPLORE THESE DECISIONS, PROFOUNDLY REGRETTABLE FOR THE FUTURE OF EUROPE." ON THE OTHER HAND, THE PARISIAN DAILY LE MONDE, IN AN UNUSUALLY NONPARTISAN DISCUSSION OF THE SITUATION, TALKED OF FRENCH AMBIGUITIES RE NATO AND A EUROPEAN DEFENSE PROGRAM, POINTING OUT THAT NATO HAS ONE TREMENDOUS ADVANTAGE OVER THE LATTER: IT ALREADY EXISTS. AND GISCARD HAS SAID PRACTICALLY NOTHING SINCE THE BELGIAN DECISION. IRONICALLY, THE MOST SAGE COMMENT IN FRANCE CAME DURING A RADIO INTERVIEW ON JUNE 9, WHEN BELGIAN MOD VAN DEN BOEYNANTS CAUSTICALLY ASKED, "WHY IS FRANCE ONLY EUROPEAN IN ARMAMENTS MATTERS?"

3. DIRE PREDICTIONS: BEFORE THE BELGIAN ANNOUNCEMENT, THERE WAS MUCH TALK IN PARIS OF THE PERMANENT BLOW AN ATLANTICIST DECISION WOULD DEAL TO EUROPEAN UNITY. MOREOVER, THERE WERE WARNINGS OF A "VERY BAD EFFECT ON US-FRENCH RELATIONS" SHOULD THE F-16 BE CHOSEN. FURTHERMORE, THE FRENCH SPREAD THE IDEA THAT THE EUROPEAN -- BY EXTENSION FRENCH -- AIRCRAFT INDUSTRY WOULD NEVER RECOVER FROM SUCH A SETBACK, THAT THE CURRENT HIGH FRENCH UNEMPLOYMENT RATE WOULD WORSEN, AND THAT THE ONLY WINNER, POLITICALLY AND FINANCIALLY, WOULD BE UNCLE SAM. LIMITED OFFICIAL USE

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PAGE 03 PARIS 15337 01 OF 02 132132Z

4. COMMENT: ON THE BASIS OF CONVERSATIONS WITH GOVERNMENTAL AND POLITICAL LEADERS, WE DO NOT SEE ANY IMPORTANT STRAINS DEVELOPING IN FRENCH-US RELATIONS AS THE RESULT OF THIS ISOLATED ISSUE. THE "DIRE PREDICTIONS" WERE LARGELY NEGOTIATING TACTICS. THE LARGE NUMBER OF ORDERS DASSAULT HAS WRITTEN FOR THE MIRAGE DURING THE PAST YEAR HAS VIRTUALLY ELIMINATED THE

ECONOMIC ELEMENT SINCE DASSAULT WILL NOT BE LAYING OFF WORKERS DESPITE THE LOSS OF THIS CONTRACT. PRESIDENT GISCARD D'ESTAING HAS PERSONALLY TRIED TO DEFUSE THE ISSUE BY SAYING IT WAS NOT THE SALE OF THE CENTURY, BUT JUST ANOTHER COMMERCIAL COMPETITION. AT THE WEEKLY CABINET MEETING THIS WEDNESDAY' GISCARD ASKED ALL THE MINISTERS TO SPEND AN HOUR REFLECTING ON FOREIGN AFFAIRS, AND HE SAID THAT "FRANCE WILL CONTINUE WITH DETERMINATION TO FORMULATE PROPOSALS AND TO SUPPORT ALL INITIATIVES AIMED AT EUROPEAN UNION." THE RESULT WAS A RE-EMPHASIS ON FRANCE'S COMMITMENT TO EUROPE, WITH THE CLEAR IMPLICATION THAT THE MIRAGE DEFEAT SHOULD NOT DECREASE THE MOMENTUM TOWARD EUROPE. OPTIMISTS BELIEVE

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PAGE 01 PARIS 15337 02 OF 02 131843Z

64

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LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 15337

THAT THIS "SETBACK" TO THE FRENCH AIRCRAFT INDUSTRY MAY ACTUALLY SPUR THE EUROPEAN MOVEMENT BY OBLIGING FRANCE TO MATCH ITS "EUROPEAN" RHETORIC WITH A MORE "EUROPEAN" PERFORMANCE. PESSIMISTS CONCLUDE, HOWEVER, THAT FRANCE'S INALIENABLE RIGHT TO SEPARATE RHETORIC FROM REALITY MAY SHOW LITTLE EROSION IN THIS CASE. OVER THE LIMITED OFFICIAL USE

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PAGE 02 PARIS 15337 02 OF 02 131843Z

LONGER RUN THE FRENCH FAILURE TO WIN THE F-104 SUCCESSOR CONTRACT HOLDS POTENTIAL ADVANTAGES AND DANGERS FOR THE UNITED STATES. ON THE PLUS SIDE, THE FRENCH MAY CONCLUDE -- AS MANY OF THEIR TECHNICAL MILITARY EXPERTS HAVE ALREADY DONE -- THAT THE FUTURE WILL REQUIRE CLOSER FRANCO-AMERICAN COOPERATION IN THE DESIGN AND PRODUCTION OF HIGH-TECHNOLOGY PRODUCTS. ALTERNATIVELY, THEY MAY CONCLUDE THAT FRANCE MUST JOIN WITH ITS EC PARTNERS IN THE CREATION OF A GENUINELY "EUROPEAN" AIRCRAFT INDUSTRY. IN EITHER CASE, THE FUTURE STAKE OF THE U.S. WOULD BE IMPORTANT. ON THE DEBIT SIDE, THE FRENCH IRRITATION OVER THE MIRAGE'S LOSS IS LIKELY TO ADD TO THE GATHERING EMOTIONALISM IN FRANCE SURROUNDING THE ISSUE OF CONCORDE'S LANDING RIGHTS IN THE U.S. THE LOSS OF THE F-104 SUCCESSOR CONTRACT, COUPLED WITH EFFECTIVE DENIAL OF CONCORDE OPERATING RIGHTS IN THE U.S. COULD WELL CREATE SERIOUS STRAINS IN FRANCO-AMERICAN RELATIONS GOING FAR BEYOND THE PROBLEMS CREATED BY EITHER EVENT IN ISOLATION. THE FRENCH LEADERSHIP HAS SHOWN THAT IT CAN SWALLOW THE MIRAGE DEFEAT, BUT ONLY WITH SOME DIFFICULTY. A SIMILAR FATE FOR CONCORDE WILL NOT BE SO EASILY TOLERATED.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY AIRCRAFT, SALES, FOREIGN RELATIONS, LANDING RIGHTS, CONCORDE, GOVERNMENT REACTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Legacy Key:** link1975/newtext/t19750652/aaaabvix.tel  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 APR 2003 by ElyME>; APPROVED <25 SEP 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** F-16 - AFTERMATH OF THE DECISION  
**TAGS:** PFOR, MASS, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006